

# Interim Report

**Extenda Retail Holding 1 AB (publ)**

**Org Nr: 559167-1507**

**January 1 - September 30, 2023**

## January 1 - September 30 in brief

Extenda Retail Holding 1 AB (publ) group was formed as a result of Symphony Technology Group's (STG) acquisition of Extenda AB and certain retail-focused business units of Visma in September 2018 through Extenda Retail Holding 1 AB and its subsidiaries. On April 1, 2022, the group acquired the Dutch group Re-Vision. The Re-Vision group (Re-Vision) has been included in the Group numbers from April 1, 2022, and the operations are now fully integrated. The group is referred to below as Extenda Retail.

	2023	2022	2023	2022	2022
SEK thousands	Jul 1 - Sep 30	Jul 1 - Sep 30	Jan 1 - Sep 30	Jan 1 - Sep 30	Jan 1 - Dec 31
Net sales	176,885	165,815	532,924	489,714	666,544
<i>of which Annual software agreements continually renewed (%)</i>	<i>80.4%</i>	<i>82.1%</i>	<i>79.6%</i>	<i>79.0%</i>	<i>78.7%</i>
EBITDA	49,130	41,848	110,325	74,971	126,650
Adjusted EBITDA*	52,008	48,880	128,116	107,058	140,495
<i>Adjusted EBITDA-margin (%)</i>	<i>29.4%</i>	<i>29.5%</i>	<i>24.0%</i>	<i>21.9%</i>	<i>21.1%</i>

\*Adjusted EBITDA consists of EBITDA less items affecting comparability. Please see details in Note G4. Please find definitions of KPIs and alternative performance measures on page 19.

## The third quarter 2023

- Extenda Retail group presents a strong third quarter where Net sales increased by SEK 11,070k, or 6.7%. Excluding the offerings being phased out, the growth was 9.7%. Software revenue mainly grew from our WMS software NYCE.LOGIC and secondly from SaaS subscriptions of Hii Retail. Service revenue grew approximately 40% compared to the same period last year.
- The annual software agreement share that is continually renewed (i.e., recurring revenue) amounts to 80.4% of Net sales. The Annual Recurring Revenue increased with SEK 54.1m to SEK 524.6m, corresponding to a growth ratio of 11.5%.
- The adjusted EBITDA margin remains stable at 29.4% compared to the same period last year. Adjusted EBITDA amounts to SEK 52,008k, an increase of SEK 3,128k, mainly due to higher revenue offset by lower capitalized work from own personnel.

## Comments from President and CEO Leendert Venema

Over the past few quarters, we have encountered a significant challenge: the macroeconomic environment. Uncertainties have emerged from economic fluctuations and geopolitical tensions. The persistent challenge of soaring inflation and elevated interest rates compels retailers to actively implement strategic initiatives to safeguard their margins and sustain profitability. A discernible trend has emerged, influencing technology investments—resulting in a scaling back of IT projects, moving recurring professional services to time & material services, delayed capital expenditures, and more rigorous negotiations.

I am especially proud to present a strong quarterly report demonstrating revenue growth and profitability improvements in this context.

As we strive to deliver value to our clients, we recognize their difficulties in navigating the current economic challenges. Our commitment to our clients is at the heart of everything we do. We understand their struggles and empathize with the financial pressures that inflation and lower margins bring. Our focus remains on delivering solutions that provide the best value for their investments. Our teams have optimized our operations to maintain cost-effectiveness, enabling us to continue providing quality services, and we continue to innovate, develop, and offer products and services that provide simplicity and delightfulness for our customers.

We continue to harvest successes with our native cloud Hii Retail platform. With several customers now live in multiple countries, we also started to migrate some tier 1 customers from their on-premise applications to Hii Retail, proving that our composable architecture allows for incremental migrations instead of big-bang replacements.

The internationalization of our Warehouse management solutions is making good progress with deployments in multiple European countries. Our warehouse management solution NYCE.LOGIC continues to grow and sign new logos.

We remain committed to our long-term vision and growth objectives. The challenges we face today are not insurmountable; they are opportunities to learn, evolve, and emerge stronger. We are optimistic about the future and believe our strategic initiatives will pave the way for sustainable growth and value creation.

## Summary of financial information

The table below presents a summary of the financial information for Extenda Retail. Please see definitions on page 19.

### Net Sales Q3

	2023	2022	2023	2022	2022
SEK thousands	Jul 1 - Sep 30	Jul 1 - Sep 30	Jan 1 - Sep 30	Jan 1 - Sep 30	Jan 1 - Dec 31
Software revenue	142,226	136,198	424,306	387,077	524,251
Service revenue	33,365	23,854	98,981	84,525	115,510
Hosting and infrastructure*	980	3,205	5,568	9,650	12,850
Hardware and technical services*	314	2,558	4,070	8,462	13,933
<b>Total Net sales</b>	<b>176,885</b>	<b>165,815</b>	<b>532,924</b>	<b>489,714</b>	<b>666,544</b>

\*Offerings being phased out over time.

Total Net Sales in Q3 increased with SEK 11,070k, whereas Software revenues, which are our recurring subscription revenues are the main benchmark, grew during the year with SEK 6,028k or 4.4% to SEK 142,226k. Adjusted for the offering being phased out, the growth was SEK 15,539k, i.e. 9.7%. From a product perspective, the primary source of growth continues to be within our WMS software and our new Hii Retail suite, where the rollout of new stores and warehouses in Q3 2023 drives the increase, but also some growth from our classic POS products. The recurring subscription revenues now represent 80.4% of the net sales, vs. last year's 82.1%. The ratio decreased, driven by a very strong quarter in service revenue. A reputable technology research firm forecasts that the retail software market will undergo substantial double-digit growth per year over the next five years. Extenda Retail's primary objective is to sustain business growth, with a specific emphasis on expanding recurring software revenue. This highly scalable revenue stream will facilitate further margin expansion.

The Service revenue for the current period is higher than the corresponding period in the previous year, with SEK 9,511k (39.9%), as we have had a significantly higher demand for services.

Hosting and infrastructure, together with Hardware and technical services, continue to decrease SEK (4,469)k, in line with the intentional plan to focus on recurring revenue streams with higher margins. These offerings are being phased out and will be provided to customers by suppliers other than Extenda Retail where needed.

Approximately 22% of the company's total revenues were generated from Extenda Retail AS, a Norwegian subsidiary. The strengthening of the Swedish krona against the Norwegian krone had a negative impact on the Group's revenue in Q3 2023 with SEK (1,065)k. Approximately 1% of the company's total revenues was generated from Re-Vision B.V., a subsidiary in the Netherlands, where the weakening of the Swedish krona against the Euro positively impacted the Group's revenue in Q3 2023 with SEK 1,420k.

## Result Q3

	2023	2022	2023	2022	2022
SEK thousands	Jul 1 - Sep 30	Jul 1 - Sep 30	Jan 1 - Sep 30	Jan 1 - Sep 30	Jan 1 - Dec 31
Operating earnings	1,863	(1,001)	(27,037)	(43,562)	(45,066)
Add back amortization, depreciation and write-downs	47,267	42,849	137,362	118,534	171,716
Add back items affecting comparability	2,878	7,032	17,791	32,087	13,845
<b>Adjusted EBITDA</b>	<b>52,008</b>	<b>48,880</b>	<b>128,116</b>	<b>107,058</b>	<b>140,495</b>
<b>Adjusted EBITDA-margin (%)</b>	<b>29.4%</b>	<b>29.5%</b>	<b>24.0%</b>	<b>21.9%</b>	<b>21.1%</b>

\*Adjusted EBITDA is EBITDA less items affecting comparability (please see Note G4 for details).

Adjusted EBITDA has increased by SEK 3,128k to SEK 52,008k, and the margin remains stable at 29.4%.

Direct costs are expenses closely associated with revenue generation, including costs for dedicated time, licensing fees, and labor allocated explicitly for revenue creation. By adopting a business model that leverages cost-effective partnerships in different locations, we have remained at the same cost level as last year, even as we've somewhat increased our available working hours.

Other external costs encompass a range of consulting expenses. These costs are predominantly linked to the time invested in product suite upkeep, new product development, and other outlays like IT infrastructure, marketing, and office-related expenditures. Other external costs, adjusted for items affecting comparability, are more or less in line with the same period last year.

Other costs for employee compensation, adjusted for items affecting comparability, are SEK 6,062k higher than the same quarter last year. The rise in costs is primarily attributed to the yearly salary increments, which have been higher in the current inflationary climate, and also due to increased provision for variable compensation. The costs affecting comparability are compounded by offshoring certain functions to Moldova and India.

We continue to invest in our native cloud product; the capitalized work for our own account (i.e., work performed by own employees) decreased somewhat compared to the same period last year and amounted to SEK 7,534k, compared to SEK 11,011k the same period last year.

The operating earnings for the period were SEK 1,863k, vs. last year of SEK (1,001)k, which included one-off items of SEK (2,878)k vs. last year's SEK (7,032)k and depreciation and amortization of SEK (47,267)k, vs. last year SEK (42,849)k. Net earnings for the period were SEK (22,181)k, which includes net financial items of SEK (24,133)k and income tax of SEK 89k. Net earnings for the period previous year were SEK (12,696)k, which includes net financial items of SEK (11,038)k and income tax of SEK (657)k.

## Financial position and cash flow in brief

	2023	2022	2022
SEK thousands	Sep 30	Sep 30	Jan 1 - Dec 31
Non-current assets	981,977	1,075,571	1,055,594
Other current assets	174,634	183,242	173,569
Cash and cash equivalents	40,038	126,006	106,337
<b>Total assets</b>	<b>1,196,649</b>	<b>1,384,819</b>	<b>1,335,499</b>
Total equity	194,224	299,250	286,373
Non-current liabilities	697,410	720,145	719,712
Current liabilities	305,015	365,423	329,414
<b>Total equity and liabilities</b>	<b>1,196,649</b>	<b>1,384,819</b>	<b>1,335,499</b>

Total assets at the end of the period amounted to SEK 1,196,649k compared to year-end 2022 of SEK 1,335,499k, of which SEK 924,858k consisted of intangible assets, primarily goodwill and other intangible assets arising in connection with the acquisition of Re-Vision group April 1, 2022, and STG's acquisitions of Visma Retail and Extenda, previous year SEK 987,687k. Investments in intangible fixed assets were capitalized development for internally developed software. Investments in intangible fixed assets during the period Jan - Sep totaled SEK 63,281k, and during the same period last year, SEK 57,512k.

Cash and cash equivalents by September 30, 2023, amounted to SEK 40,038k and decreased during the period from January to September by SEK (68,707)k. The net working capital row change includes SEK 17,550k of repayment of withheld taxes. Cash Flow from current activities amounted to SEK 41,553k. Investment in subsidiaries was SEK 37,069k paid as earn-out to the previous owners of Extenda AB. The earnout was the final payment for the acquisition, and no further liability remains. Investment in financial, intangible, and tangible assets was SEK (63,482)k, and lease payments were SEK (9,709)k.

Total equity amounted to SEK 194,224k compared to year-end 2022 of SEK 286,373k. The decrease derives from the income statement and currency differences in equity of SEK 13,351k. The equity/assets ratio at the end of the period was 16.2% and 21.6% in the same period last year.

Non-current liabilities have decreased by SEK 22,302k compared to year-end 2022. The decrease is mostly due to the reclassification of long-term debt to short-term debt for the deferred payments of taxes for social charges and withholding taxes, offset by currency differences of the loan from Extenda Retail S.á.r.l. nominated in EUR.

Current liabilities of SEK 305,015k include the current part SEK 31,214k of deferred payments of taxes for social charges and withholding taxes, including interest, given to the Group as support to help companies through the Corona pandemic. The full amount of SEK 97,543k was presented as current as of September 2022 before the payment plan was approved. Extenda Retail received approval for a 3-year repayment plan for the full amount in late 2022.

## Investments

The group's total cash flow from investments (intangible, tangible, and financial) remains steadfast and amounts to SEK (63,482)k compared to the same period last year of SEK (57,552)k. The investments primarily refer to functionality development in our cloud-native solution, Hii Retail.

## Seasonal variations

The business is somewhat seasonal regarding Service revenue, where there is less service revenue in June-August due to the summer holidays in the Nordics. A reversal of the accrual for vacation is expected in July and August.

## Financing

Cash and cash equivalents in the group consist of bank balances. At the end of the period, cash and cash equivalents amounted to SEK 40,038k.

The current financing consists of a bond loan with a framework of SEK 1,000,000,000, of which SEK 550,000,000 has been used. The bond was issued at the end of March 2022 and runs for five years with an interest rate of 3M STIBOR plus a 6.75% margin. There are no ongoing covenants attached to the bond loan. In case of an increase in the loan amount, the leverage ratio must not exceed 4.25. The Group also has a shareholder loan from Extenda Retail S.á.r.l. Interest accrues at a fixed rate of 5% and is payable on demand. The loan has a five-year maturity.

In Q1 2023, Extenda Retail signed an amendment to extend the super senior revolving facility agreement to March 29, 2024. The facility is not in use as of September 30, 2023. The available amount is SEK 75,000,000.

## Significant risks and uncertainties

Extenda Retail's operations, financial position, and results are affected by a number of risks and uncertainty factors. Managing these risks is necessary for Extenda Retail to meet its short- and long-term goals. These risks can be divided into three main categories: market-related, operational risk, and financial. These risks are described in the group's annual report for 2022.

### Market and Technological Development

The development of the broader economy and trends impacts specific customer segments and the market opportunities for Extenda Retail. The financial climate impacts demand from individuals and companies and changes customer buying patterns, affecting our customers' investment plans and strategic initiatives.

Global changes in the retail industry continue, with digitalization and new customer service models creating powerful forces for change that affect the entire retail sector, including our customers. The changes that result from digitalization, increased demand for personalization, dynamic pricing, AI, and mobile-first strategies require continued investment in development to ensure that Extenda Retail can continue to be at the forefront of developing next-generation retail solutions.

This rapid industry change can lead to longer sales cycles because customers need to make strategic choices that have long-term implications for their businesses. These developments offer us strong and increasing potential for new and additional sales of our market-leading offerings.

### Operational risk

One prerequisite for additional sales and maintenance of our long-term customer relationships is the delivery of successful customer projects. It is of the utmost importance that we continue to place the customer at the center of everything we do, as failures in customer projects or in living up to customer expectations can result in long-term damage to our good reputation in the market.

### Financial risk

Extenda Group is exposed to a number of financial risks in its operations. Financial risks mainly pertain to currency, interest rate, credit, and counterparty risks. Risk management is regulated by the finance policy adopted by the Board. The ultimate responsibility for managing the Group's financial risks and developing methods and principles of financial risk management lies with the Extenda Retail management team. For more information concerning these risks, refer to Note G29, Financial Risk Management, and Financial Instruments of the Extenda Retail 2022 Annual Report.

## Other information

We continue to condemn the ongoing Russian invasion of Ukraine and actively support Ukrainian humanitarian efforts. Financially, the conflict may have negatively affected our earnings and positions. We closely monitor developments, adapting strategies to navigate ongoing geopolitical challenges, including rising tension in the Middle East. Extenda Retail currently has no operations in Russia or the Middle East. Quantifying the long-term effects of these situations is impossible.

### Current market situation:

#### Current market situation

Globally, rising inflation and interests, fueled by heightened tensions, affect the Group with increased interest costs. A continued high inflation rate poses challenges to our cost and future revenue.

#### Events after the end of the reporting period

There are no other significant events to be reported after the reporting period.

## Parent company

The Parent Company Extenda Retail Holding 1 AB (publ) (559167-1507) was established in 2018 and was registered with the Swedish Companies Registration Office for the first time on July 5, 2018. The company is owned by Extenda Retail S.á.r.l, which is, in turn, ultimately owned by STG Fund V and the management.

Net financial items for Q3 2023 totaled SEK (1,927)k, and income after tax amounted to SEK (1,927)k. Net financial items for Q3 2022 totaled SEK (2,212)k, and income after tax amounted to SEK (2,313)k.

Investments in property, plant, equipment, and intangible assets for the period amounted to SEK - (-).

On September 30, 2023, the Parent Company had SEK 532,187k in Long-term liabilities consisting of the Bond Loan of 550,000 SEK offset by prepaid loan fees of SEK 17,813k and a long-term receivable of SEK 552,478k to Extenda Retail Holding 2 AB.

On September 30, 2022, the Parent Company had SEK 525,826k in Long-term liabilities consisting of the Bond Loan of 550,000 SEK offset by prepaid loan fees of SEK 24,174k and a long-term receivable of SEK 535,655k to Extenda Retail Holding 3 AB.

Extenda Retail Holding 1 AB has no significant related party transactions other than transactions with group companies. All transactions with related parties are carried out on market-based terms. The nature and scope of related party transactions during the period are essentially the same as in 2022.

## Condensed consolidated statement of profit and loss and other comprehensive income

SEK thousands	Note	2023	2022	2023	2022	2022
		Jul 1 - Sep 30	Jul 1 - Sep 30	Jan 1 - Sep 30	Jan 1 - Sep 30	Jan 1 - Dec 31
Net sales	G2	176,885	165,815	532,924	489,714	666,544
Other operating income		2,218	1,300	5,954	3,585	32,971
<b>Total revenue</b>		<b>179,102</b>	<b>167,115</b>	<b>538,879</b>	<b>493,300</b>	<b>699,515</b>
Direct cost		(40,200)	(39,356)	(132,263)	(132,647)	(178,396)
Other external costs		(40,730)	(44,816)	(132,324)	(143,884)	(196,156)
Other costs for employee compensation		(55,072)	(51,433)	(187,443)	(164,875)	(230,648)
Work performed by the group and capitalized		7,534	11,011	26,822	25,267	35,055
Amortizations, depreciations and write-downs		(47,267)	(42,849)	(137,362)	(118,534)	(171,716)
Other operating expenses		(1,504)	(673)	(3,345)	(2,190)	(2,719)
<b>Total cost</b>		<b>(177,239)</b>	<b>(168,116)</b>	<b>(565,915)</b>	<b>(536,862)</b>	<b>(744,581)</b>
<b>Operating earnings</b>		<b>1,863</b>	<b>(1,001)</b>	<b>(27,037)</b>	<b>(43,562)</b>	<b>(45,066)</b>
Financial income		(4,436)	1,065	4,870	1,670	10,646
Financial costs		(19,697)	(12,103)	(56,383)	(45,672)	(70,334)
<b>Earnings before tax</b>		<b>(22,270)</b>	<b>(12,039)</b>	<b>(78,549)</b>	<b>(87,564)</b>	<b>(104,754)</b>
Income tax		89	(657)	(249)	(2,168)	948
<b>Net earnings for the period</b>		<b>(22,181)</b>	<b>(12,696)</b>	<b>(78,799)</b>	<b>(89,731)</b>	<b>(103,806)</b>
<b>Other comprehensive income</b>						
<i>Items that can be reclassified to profit or loss</i>						
Translation differences from operations abroad		2,601	2,092	(13,351)	3,071	4,269
<b>Total other comprehensive income</b>		<b>2,601</b>	<b>2,092</b>	<b>(13,351)</b>	<b>3,071</b>	<b>4,269</b>
<b>Total comprehensive income for the period</b>		<b>(19,580)</b>	<b>(10,604)</b>	<b>(92,149)</b>	<b>(86,660)</b>	<b>(99,537)</b>
<b>Earnings for the period attributable to:</b>						
Parent Company shareholders		(22,181)	(12,696)	(78,799)	(89,731)	(103,806)
<b>Total comprehensive income attributable to:</b>						
Parent Company shareholders		(19,580)	(10,604)	(92,149)	(86,660)	(99,537)



## Condensed report on the financial position of the Group

SEK thousands	Note	2023 Sep 30	2022 Sep 30	2022 Dec 31
<b>Non-current assets</b>				
Intangible assets and goodwill		924,858	992,100	987,687
Property, plant and equipment		8,706	11,438	11,299
Right-of-use assets		47,761	70,856	55,680
Other non-current assets		652	1,177	928
<b>Total long-term assets</b>		<b>981,977</b>	<b>1,075,571</b>	<b>1,055,594</b>
<b>Current assets</b>				
Trade receivables		121,271	140,265	139,788
Current tax assets		10,556	10,514	7,693
Contract assets		23,052	17,553	14,480
Other current assets		19,756	14,910	11,608
Cash and cash equivalents		40,038	126,006	106,337
<b>Total current assets</b>		<b>214,672</b>	<b>309,248</b>	<b>279,905</b>
<b>Total assets</b>		<b>1,196,649</b>	<b>1,384,819</b>	<b>1,335,499</b>
<b>Equity</b>				
Share capital		500	500	500
Other contributed capital		868,441	868,441	868,441
Reserves		(15,772)	3,981	4,899
Retained earnings including earnings for the period		(658,945)	(573,672)	(587,467)
<b>Total equity</b>		<b>194,224</b>	<b>299,250</b>	<b>286,373</b>
<b>Non-current liabilities</b>				
Provisions		8,022	75,506	8,259
Loan liabilities		578,676	569,576	572,563
Non-current lease liabilities		55,682	64,350	62,977
Deferred tax liabilities		9,318	10,714	9,079
Other interest-bearing non-current liabilities		45,712	-	66,833
<b>Total non-current liabilities</b>		<b>697,410</b>	<b>720,145</b>	<b>719,712</b>
<b>Current liabilities</b>				
Trade payables		64,751	54,659	54,340
Other interest-bearing current liabilities		31,214	97,543	24,138
Current lease liabilities		10,292	14,352	10,770
Contract liabilities		107,579	110,594	111,748
Other current liabilities	G3	91,179	88,274	128,417
<b>Total current liabilities</b>		<b>305,015</b>	<b>365,423</b>	<b>329,414</b>
<b>Total equity and liabilities</b>		<b>1,196,649</b>	<b>1,384,819</b>	<b>1,335,499</b>

## Condensed consolidated statement of changes in equity

### Equity attributable to the Parent Company's shareholders

	2023	2022	2022
SEK thousands	Sep 30	Sep 30	Dec 31
<b>Opening balance</b>	<b>286,373</b>	<b>385,910</b>	<b>385,910</b>
<b><i>Changes in equity</i></b>			
Earnings for the period	(78,799)	(89,731)	(103,806)
Translation differences	(13,351)	3,071	4,269
<b>Total comprehensive income</b>	<b>(92,149)</b>	<b>(86,660)</b>	<b>(99,537)</b>
<b>Ending balance</b>	<b>194,224</b>	<b>299,250</b>	<b>286,373</b>

## Condensed consolidated cash flow Statement

SEK thousands	Note	2023	2022	2023	2022	2022
		Jul 1 - Sep 30	Jul 1 - Sep 30	Jan 1 - Sep 30	Jan 1 - Sep 30	Jan 1 - Dec 31
Operating earnings		1,863	(1,001)	(27,037)	(43,562)	(45,066)
Adjustment for non-cash items, etc.		41,243	42,705	124,928	121,101	140,536
Interest received		9	(605)	110	0	0
Interest and financial items paid		(18,153)	(6,928)	(50,289)	(60,689)	(74,033)
Income tax paid		(312)	2,846	(312)	(64)	(64)
<b>Cash flow from operations before to changes in working capital</b>		<b>24,650</b>	<b>37,016</b>	<b>47,400</b>	<b>16,785</b>	<b>21,373</b>
<b>Cash flow from changes to working capital</b>						
Change in current receivables		5,898	6,393	3,852	(10,018)	(21,525)
Change in current liabilities		(1,055)	(19,406)	(9,700)	(51,305)	(41,640)
<b>Cash flow from current activities</b>		<b>29,494</b>	<b>24,003</b>	<b>41,553</b>	<b>(44,538)</b>	<b>(41,792)</b>
<b>Investing activities</b>						
Acquisitions of subsidiaries		(0)	0	(37,069)	(139,314)	(139,314)
Acquisitions of intangible assets		(18,982)	(25,858)	(63,281)	(57,512)	(81,275)
Acquisitions of tangible assets		(171)	0	(479)	(40)	(1,389)
Change in financial assets		0	(1)	277	-	-
<b>Cash flow from investing activities</b>		<b>(19,152)</b>	<b>(25,858)</b>	<b>(100,551)</b>	<b>(196,865)</b>	<b>(221,978)</b>
<b>Financing activities</b>						
Lease liability payments		(1,927)	(13,169)	(9,709)	(14,219)	(14,600)
New borrowings		-	-	-	550,000	550,000
Loan repayment		-	-	-	(319,235)	(319,234)
<b>Cash flow from financing activities</b>		<b>(1,927)</b>	<b>(13,169)</b>	<b>(9,709)</b>	<b>216,546</b>	<b>216,166</b>
<b>Cash flow for the period</b>		<b>8,414</b>	<b>(15,024)</b>	<b>(68,707)</b>	<b>(24,857)</b>	<b>(47,604)</b>
<b>Cash and cash equivalents at start of period</b>		<b>30,313</b>	<b>140,865</b>	<b>106,336</b>	<b>148,024</b>	<b>148,024</b>
Translation difference on cash and cash equivalents		1,311	165	2,409	2,839	5,916
<b>Cash and cash equivalents at end of period</b>		<b>40,038</b>	<b>126,006</b>	<b>40,038</b>	<b>126,006</b>	<b>106,336</b>

## Parent company income statement

		2023	2022	2023	2022	2022
SEK thousands	Note	Jul 1 - Sep 30	Jul 1 - Sep 30	Jan 1 - Sep 30	Jan 1 - Sep 30	Jan 1 - Dec 31
<b>Operating revenues</b>		-	-	-	-	-
Other external costs		(0)	(99)	(2)	(97)	(2)
Operating expenses		-	-	-	(3)	-
<b>Operating earnings</b>		<b>(0)</b>	<b>(102)</b>	<b>(5)</b>	<b>(100)</b>	<b>(2)</b>
Interest income and similar items		14,711	9,900	41,288	19,734	31,649
Interest expenses and similar items		(16,638)	(12,112)	(47,207)	(23,306)	-37,339
<b>Earnings before tax</b>		<b>(1,927)</b>	<b>(2,313)</b>	<b>(5,925)</b>	<b>(3,672)</b>	<b>(5,692)</b>
Appropriations		0	-	0		(22,493)
<b>Earnings for the period</b>		<b>(1,927)</b>	<b>(2,313)</b>	<b>(5,925)</b>	<b>(3,672)</b>	<b>(28,186)</b>
Total comprehensive income for the period		<b>(1,927)</b>	<b>(2,313)</b>	<b>(5,925)</b>	<b>(3,672)</b>	<b>(28,186)</b>

## Parent company balance sheet

		2023	2022	2022
SEK thousands	Note	Sep 30	Sep 30	Dec 31
<b>Long-term assets</b>				
Shares in group companies		870,932	870,932	870,932
Long term receivables from group companies		535,655	529,342	541,258
<b>Total long-term assets</b>		<b>1,406,587</b>	<b>1,400,274</b>	<b>1,412,189</b>
<b>Short-term assets</b>				
Short term receivables from group companies		0	28,760	28,760
Prepaid expenses and accrued income		159	197	99
<b>Total short-term assets</b>		<b>159</b>	<b>28,957</b>	<b>28,859</b>
<b>Total assets</b>		<b>1,406,745</b>	<b>1,429,231</b>	<b>1,441,048</b>

  

		2022	2021	2022
SEK thousands		Sep 30	Sep 30	December 31
<b>Equity</b>				
<i>Restricted equity</i>				
Share capital (50,000 shares)		500	500	500
<b>Total restricted equity</b>		<b>500</b>	<b>500</b>	<b>500</b>
<i>Unrestricted equity</i>				
Retained earnings		839,806	867,991	867,991
Earnings for the period		(5,925)	(3,672)	(28,186)
<b>Total unrestricted equity</b>		<b>833,881</b>	<b>864,319</b>	<b>839,805</b>
<b>Total equity</b>		<b>834,381</b>	<b>864,819</b>	<b>840,305</b>
<b>Long-term liabilities</b>				
Long-term liabilities		532,187	527,098	528,370
<b>Total long-term liabilities</b>		<b>532,187</b>	<b>527,098</b>	<b>528,370</b>
<b>Short-term liabilities</b>				
Short-term liabilities to group companies		40,168	37,314	72,372
Accrued expenses and deferred income		9	-	-
<b>Total short-term liabilities</b>		<b>40,177</b>	<b>37,314</b>	<b>72,372</b>
<b>Total equity and liabilities</b>		<b>1,406,745</b>	<b>1,429,231</b>	<b>1,441,048</b>

## Statement of changes in equity

SEK thousands	2023 Sep 30	2022 Sep 30	2022 Dec 31
Opening balance	840,306	868,491	868,490
<i>Changes in equity</i>			
Earnings for the period	(5,925)	(3,672)	(28,185)
Total comprehensive income	(5,925)	(3,672)	(28,185)
Ending balance	834,381	864,819	840,305

# Notes

## Note G1, Accounting policies

The Group's interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. For the Parent Company, the report has been prepared in accordance with the Swedish Annual Accounts Act and RFR 2. The Accounting policies adopted are consistent with those applied for in the 2022 Annual Report and should be read in conjunction with that Annual Report.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and judgments. Those that are significant to the consolidated financial statements are described in the notes in the 2022 Annual Report. The estimates and judgments are the same as the Annual Report 2022.

For practical reasons, the figures in this interim report have not been rounded off, which is why notes and tables may not total the correct amounts. Unless otherwise specified, all figures pertain to SEK thousands (k). The interim report provides alternative performance measures for monitoring the Group's operations.

## New and changed accounting standards in 2023

None of the standards and statements that have been published by the IASB and are effective for annual periods beginning on or after January 1, 2023, have had any significant impact on the financial statements of the Group.

## Note G2, Net Sales

Total revenue is divided up into the following lines of operations:

	2023	2022	2023	2022	2022
SEK thousands	Jul 1 - Sep 30	Jul 1 - Sep 30	Jan 1 - Sep 30	Jan 1 - Sep 30	Jan 1 - Dec 31
Software revenue	142,226	136,198	424,306	387,077	524,251
Service revenue	33,365	23,854	98,981	84,525	115,510
Hosting and infrastructure*	980	3,205	5,568	9,650	12,850
Hardware and technical services*	314	2,558	4,070	8,462	13,933
<b>Total Net sales</b>	<b>176,885</b>	<b>165,815</b>	<b>532,924</b>	<b>489,714</b>	<b>666,544</b>

\*Revenue that will be phased out over time

## Note G3, Recognition of financial instruments at fair value

Extenda Retail's financial assets are essentially non-interest-bearing and interest-bearing receivables, in which cash flows represent only payment for the initial investment and, where applicable, interest. Their value is intended to be held to maturity and is carried at amortized cost, which is a reasonable estimate of fair value. Financial liabilities are, for the most part, recognized at amortized cost. Financial instruments measured at fair value on the balance sheet are contingent considerations consisting of current liabilities with a value of SEK 0k. Contingent consideration liabilities are recognized at fair value based on management's best estimate of the most likely outcome (level 3, as defined in IFRS 13). Other assets and liabilities are recognized at amortized cost.

## Note G4, Items affecting comparability

### Accounting and Valuation Principles

Items affecting comparability refer to material items and events related to changes in the Group's structure or industry, which are relevant to understanding the Group's performance on a like-for-like basis. Group EBITDA is adjusted for items affecting comparability to enable the reader to monitor and analyze underlying profitability adjusted for items that affect comparability between periods.

SEK thousands	2023 Jul 1 - Sep 30	2022 Jul 1 - Sep 30	2023 Jan 1 - Sep 30	2022 Jan 1 - Sep 30	2022 Jan 1 - Dec 31
<b>Items affecting Other operating income</b>					
Reversal of earn-out	-	-	-	-	28,550
<b>Total items affecting Other operating income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28,550</b>
<b>Items affecting Direct costs</b>					
Integration costs Re-vision	-	(271)	(109)	(746)	(1,137)
Onerous contracts and license fees (M&A insurance related)	(1,396)	-	(2,166)	-	-
<b>Total items affecting Direct costs</b>	<b>(1,396)</b>	<b>(271)</b>	<b>(2,275)</b>	<b>(746)</b>	<b>(1,137)</b>
<b>Items affecting Other external costs</b>					
Legal and other services (M&A, M&A insurance, carve-out)	650	(2,209)	(1,006)	(19,157)	(18,623)
Outsourcing and offshoring of functions to India and Moldova	(200)	0	(3,544)	(3,020)	(4,442)
IT security & IT restructuring of the IT environment	(1,314)	(769)	(3,145)	(2,065)	(3,497)
Integration costs Re-Vision	(1,042)	(116)	(1,557)	(2,144)	(8,232)
Other	839	(828)	(52)	(2,110)	(2,444)
<b>Total items affecting Other external costs</b>	<b>(1,067)</b>	<b>(3,922)</b>	<b>(8,298)</b>	<b>(28,496)</b>	<b>(37,238)</b>
<b>Items affecting Other costs for employee compensation</b>					
Outsourcing and offshoring of functions to India and Moldova	(415)	(2,839)	(7,218)	(328)	(328)
Integration costs Re-Vision	-	-	-	(2,517)	(3,692)
<b>Total items affecting Other costs for employee compensation</b>	<b>(415)</b>	<b>(2,839)</b>	<b>(7,218)</b>	<b>(2,845)</b>	<b>(4,020)</b>
<b>Total items affecting comparability in EBITDA</b>	<b>(2,878)</b>	<b>(7,032)</b>	<b>(17,791)</b>	<b>(32,087)</b>	<b>(13,845)</b>



## Note G5, Events after the end of the reporting period

There are no significant events after the reporting period to be reported.

## Note G6, Transactions with related parties

Extenda Group carries out normal commercial transactions with subsidiaries. No other significant transactions with related parties occurred.

## Note G7, Summary of financial information

Please find definitions of KPIs and alternative performance measures on page 19.

SEK thousands	2023 Jul 1 - Sep 30	2022 Jul 1 - Sep 30	2023 Jan 1 - Sep 30	2022 Jan 1 - Sep 30	2022 Jan 1 - Dec 31
Net Sales	176,885	165,815	532,924	489,714	666,544
Total revenue	179,102	167,115	538,879	493,300	699,515
Annual software agreements that are continually renewed	142,226	136,198	424,306	387,077	524,251
Share of annual software agreements continually renewed	80.4%	82.1%	79.6%	79.0%	78.7%
Operating earnings	1,863	(1,001)	(27,037)	(43,562)	(45,066)
Operating margin, %	1.0%	-0.6%	-5.0%	-8.8%	-6.4%
EBITDA	49,130	41,848	110,325	74,971	126,650
Items affecting comparability	2,878	7,032	17,791	32,087	13,845
Adj. EBITDA	52,008	48,880	128,116	107,058	140,495
Adj. EBITDA margin, %	29.4%	29.5%	24.0%	21.9%	21.1%
Net financial items	(24,133)	(11,038)	(51,513)	(44,001)	(59,688)
Net earnings for the period	(22,181)	(12,696)	(78,799)	(89,731)	(103,806)
Profit margin, %	neg	neg	neg	neg	neg
Total assets	1,196,649	1,384,819	1,196,649	1,384,819	1,335,499
Cash and cash equivalents	40,038	126,006	40,038	126,006	106,337
Loan liabilities	578,676	569,576	578,676	569,576	572,563
Equity	194,224	299,250	194,224	299,250	286,373
Net debt	538,638	443,570	538,638	443,570	466,227
Equity/assets ratio, %	16.2%	21.6%	16.2%	21.6%	21.4%

## About Extenda Retail

Extenda Retail makes innovation simple for leading retailers and 3PLs. With Extenda Retail's frictionless, game-changing software, retailers and logistics providers are able to grow their business and optimize their customers' experience.

The extensive portfolio includes the Hii Retail cloud platform, POS (point-of-sale) & Checkout, WMS, Customer Intelligence & Loyalty, and Pharmacy software. With over 40 years as an industry leader in retail software development, hundreds of retail chains with a presence in over 37 countries across the globe utilize solutions by Extenda Retail.

Since the fall of 2018, Extenda Retail has operated under the new brand backed by STG Partners, a US-based private equity firm with a proven track record of successful investments in technology companies. Extenda Retail has a strong Nordic and European presence with a headquarter in Stockholm, Sweden, and several European offices.

Learn more at [www.extendaretail.com](http://www.extendaretail.com) or follow the company on LinkedIn.

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### All financial information is posted on

[extendaretail.com](http://extendaretail.com) immediately after publication.

### Financial calendar

February 29, 2024: Q4 Interim report

## Definitions of KPIs and alternative performance measures

The Interim Report includes financial key ratios based on IFRS. In addition, other key ratios (Alternative Performance Measures – APMs) are used by the Company and other interests to describe the Group's operations, which cannot be discerned or derived from the financial statements. These APMs are to be regarded as complements to the financial reporting presented in accordance with IFRS. It should be noted that the APMs defined below may differ somewhat from other companies' definitions of the same terms.

### Net Sales

Net sales is the sum of gross sales minus any discounts.

### Total revenue

Total revenue is the total revenue from recurring and non-recurring revenue streams.

### Annual software agreements that are continually renewed

Annual software agreements that are continually renewed (i.e., recurring revenue) is an APM that is defined as revenue from customers for the provision of goods or services during the term of a contract where the customer cannot continue to benefit from the full functionality of the goods or services without ongoing payments and revenue streams that are expected to recur for more than 12 months. Recurring revenues are mainly revenues from software, support, and maintenance contracts. Revenue from, e.g., system implementation and migration is not recognized as recurring revenue.

*The APM is used to follow the group's sales and the trend to convert non-recurring revenue to recurring revenue.*

### Share of annual software agreements that are continually renewed (%)

Annual software agreements that are continually renewed (i.e., recurring revenue) in percent of Net Sales.

*The APM is used to follow the group's sales increase and the trend to convert non-recurring revenue to recurring revenue in %.*

### Operating earnings

Result before financial items and tax.

### Operating margin (%)

Result before financial items and tax as a percentage of total revenue.

### EBITDA

Result before interest, taxes, depreciation, amortization, and write-downs (Earnings before Interest, Tax, Depreciation, and Amortization).

*The APM is used to follow up on the company's results generated by ongoing operations. The APM enables comparisons of profitability between companies and industries.*

### Items affecting comparability

Significant events and transactions that are relevant to pay attention to when a period's results are compared with another. Items affecting comparability refer to restructuring costs (consulting costs, costs related to staff reductions, loss agreements, and write-downs, acquisition costs, legal costs, and advisory costs in connection with the establishment of new subsidiaries, integration costs (consulting costs, fees, and write-downs)) in connection with acquisitions or mergers, write-downs of any additional purchase price, write-downs, and transactions from strategic decisions, such as capital gains and losses from the sale of businesses that are essential individually or in the aggregate, material customer losses, disputes, and insurance matters as well as severance pay or similar to members of the group's management team or in its subsidiaries.

*Items affecting comparability are excluded to make it easier to compare results between periods.*

### Adjusted EBITDA

Result before interest, taxes, depreciation, amortization, and write-downs (Earnings before Interest, Tax, Depreciation, and Amortization) with items affecting comparability added back.

*The APM is used to follow up on the company's results generated by ongoing operations. The APM enables comparisons of profitability between companies and industries.*

### Adjusted EBITDA-margin (%)

Result before interest, taxes, depreciation, amortization, and write-downs (Earnings before Interest, Tax, Depreciation, and Amortization) with items affecting comparability added back as a percentage of Net Sales.

*The APM reflects the operational profitability of the business before amortization and write-downs of acquisition-related intangible assets. The APM is one important component, along with sales growth, to monitor the company's profitability.*

#### **Net financial items**

Interest income and similar items less interest expense and similar items.

#### **Net earnings for the period**

Results after financial items, tax, and end-of-year appropriations.

*The APM is used to follow up on the company's final result after tax.*

#### **Total Assets**

The group's total assets

#### **Cash and cash equivalents**

Cash and bank equivalents are assets held in bank accounts.

#### **Loan liabilities**

Loan liabilities are the current and non-current parts of interest-bearing loans.

#### **Net debt**

Loan liabilities less cash and cash equivalents.

#### **Equity/assets ratio (%)**

Equity as a percentage (%) of total assets.

*The APM shows the percentage of the assets financed with equity capital. The aim is to be able to assess the group's ability to pay in the long term.*